



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

Norman H. Bangerter, Governor  
Dee C. Hansen, Executive Director  
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October 11, 1985

Mr. John Danio, Project Manager  
Western States Minerals Corporation  
4975 Van Gordon Street  
Wheat Ridge, Colorado 80033

Dear Mr. Danio:

RE: Review of North Ridge Heap Leach Amendment to Drum Mine  
Permit, Drum Mine, ACT/027/007, Millard County, Utah

The Division has reviewed your response to the deficiencies outlined in our June 28, 1985 letter. All items have been adequately addressed with the exception of bonding.

The bonding estimate you proposed for earthwork has been revised as follows:

Earthwork to Final Grade	
D-9L (monthly rate) - \$16,700/mo	\$ 94.89/hr
Operating Cost/hr	43.05/hr
Operator Cost/hr	29.25/hr
Ripper (3 shank) \$2,120/mo	15.04/hr
	<u>\$182.23/hr</u>
\$182.23/hr x 80 hrs = \$14,579.00	
Heap Leach Pads (80 hrs)	\$14,579.00
Mine and Waste Dumps (80 hrs)	14,579.00
	<u>\$29,158.00</u>
Earthwork/Regrading	\$29,158.00
Topsoil Replacement*	7,500.00
Stabilization*	14,950.00
Fencing Highwall*	30,000.00
Monitoring*	2,000.00
	<u>\$83,608.00</u>
10% Contingency	\$ 8,361.00
	<u>\$91,969.00</u>
	(1985 dollars)

\*As shown in August 5, 1985 letter from Western States.



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In addition to the above bond for the North Ridge Heap Leach area, the bond for the Low Grade Ore Heap must be posted, and the original bond, posted in 1983, updated to 1986 dollars. This is summarized below:

1. Original bond estimate - \$116,771.00 (1983 dollars)  
Escalate @ 1.04% - \$117,985.00 (1984 dollars)  
Escalate @ 0.79% - \$118,918.00 (1985 dollars)
2. Low Grade Ore Heap (approved March 1985)  
Original estimate - \$43,208.00 (1984 dollars)  
Escalate @ 0.79% - \$43,549.00 (1985 dollars)

\$118,918.00 - Original Bond  
\$ 43,549.00 - Low Grade Ore Heap  
\$ 91,969.00 - North Ridge Heap Leach  
\$254,436.00 - (1985 dollars)

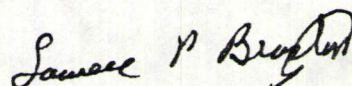
\$264,080.00 - (1986 dollars escalated @ 3.79%)

Less \$117,000.00 - (posted September 1983)  
\$147,080.00 - Amount to be Posted

Attached is a revised MR-5 form for your use in posting the above-noted amount of \$147,080.00.

Thank you for your cooperation in this matter. Please feel free to contact me if you should have any questions.

Sincerely,



Lowell P. Braxton  
Administrator  
Mineral Resource Development  
and Reclamation Program

JJW/btb  
Enclosure  
cc: Pam Grubaugh-Littig  
John Whitehead  
9294R-44 & 45